

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUWAIT 02479 111503Z

53

ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ADP-00 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 PA-03

PRS-01 USIA-12 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 OPR-02 FS-01 ABF-01 AF-10

EA-11 RSR-01 /186 W

----- 052542

R 111310Z JUL 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 7116

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE KUWAIT 2479

PARIS FOR EMBASSY AND RFC

DEPT PASS TREASURY

E.O. 11652: GDS

TAGS: EFIN KU

SUBJ: EXCHANGE MARKETS OPEN, SITUATION CALMER IN KUWAIT

REF: KUWAIT 2412

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUWAIT 02479 111503Z

SUMMARY: EXCHANGE MARKETS REOPENED IN KUWAIT, JULY 10.

IMPROVED DOLLAR POSITION IN EUROPE AND RECENT ACTIONS BY FEDERAL RESERVE HAVE RESULTED IN CALMER SITUATION LOCALLY AND THERE SEEMS TO BE LESS TALK OF SIGNIFICANT CHANGE IN KUWAIT DINAR/DOLLAR EXCHANGE RATE. SOME BANKERS EXPECT EVENTUAL SHIFT TO DOLLARS BUT IN VERY NEAR TERM TREND TO D-MARKS EXPECTED TO CONTINUE. EMD SUMMARY

1. IN CONVERSATIONS WITH LOCAL BANKERS AND CENTRAL BANK OFFICIAL EMBOFF LEARNED LOCAL SITUATION STILL UNEASY BUT CALMER THAN EARLIER IN WEEK (REFTEL). KOREIGN EXCHANGE MARKETS OPENED AGAIN TUESDAY JULY 10 AND IMPROVED DOLLAR PERFORMANCE IN EUROPE AND RECENT SWAP ARRANGEMENTS ANNOUNCED BY FEDERAL RESERVE BANK IN US HAVE DONE MUCH TO CALM FRAYED MONETARY NERVES IN KUWAIT.

2. IN TURN THIS HAS TAKEN PRESSURE OFF GOK TO REVALUE DINAR OR TO ADJUST ITS RATE VIS-A-VISA DOLLAR. WHILE BANKERS WOULD NOT BE SURPRISED TO SEE RELATIVELY MINOR DAILY SHIFTS, NO SIGNIFICANT CHANGE ANTICIPATED FOR NOW UNLESS, PERHAPS, SAUDI ARABIA SHOULD CHANGE RIYAL/DOLLAR RATE. CENTRAL BANK OFFICIAL TOLD EMBOFF HE DOUBTS GOK WANTS TO ALTER KD/DOLLAR RATE SINCE IT WISHES TO MAINTAIN STABILITY OF KD.

3. LOCAL BANKERS NOT SURE WHETHER RECENT IMPROVEMENT OF DOLLAR IS FIRST SIGN OF LONG AWAITED UPTURN OR NOT. KUWAITI BANKERS AND INVESTORS VERY WARY OF DOLLAR PERFORMANCE. ALL LOCAL COMMERCIAL BANKS CURRENTLY MAINTAINING ONLY ENOUGH DOLLARS TO COVER COMMERCIAL TRANSACTIONS. IN GENERAL THEY PLACING SHORT TERM ASSETS IN D-MARKS AND STERLING AND TO LESSER EXTENT BELGIAN FRANCS AND FRENCH FRANCS. NEVERTHELESS, ALL EXPECT EVENTUAL UPTURN IN UNDERVALUED DOLLAR AND STRONG SHIFT TO DOLLAR ASSETS, ONCE THAT OCCURS. MEANWHILE WE TOLD MERCHANTS BUYING US PRODUCTS AND INDIVIDUALS INVESTING IN US EQUITIES ACTIVELY IN EFFORT TAKE ADVANTAGE FAVORABLE PRICES. STOLTZFUS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KUWAIT02479
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730741/aaaabdrk.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 KUWAIT 2412
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03-Oct-2001 by elyme>; APPROVED <03-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXCHANGE MARKETS OPEN, SITUATION CALMER IN KUWAIT
TAGS: EFIN, KU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005